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CITY COUNCIL

CITY OF NORTHAMPTON

MASSACHUSETTS

MEMORANDUM

FROM: Laura Krutzler, Administrative Assistant, Northampton City Council

TO: City Council

DATE: August 10, 2018

Re: FY2019 Independent Audit

As you know, per Section 7-6 of the city charter, the City Council is required to award a contract for auditing services each year by September 15th. In 2015, the city awarded a multi-year contract to Scanlon & Associates for the audits for FY2016, 2017 and 2018. The city is not yet under contract for the FY2019 audit.

M.G.L. Chapter 30B - the state procurement act – has exemptions for contracts with labor relations representatives, lawyers and **certified public accountants**, so the city is not legally mandated to follow state procurement guidelines. However, the Office of the Inspector General (OIG) recommends that cities and towns follow a competitive procurement process for auditing services.

In 2015, the city council drafted an RFP and submitted it to 12 Auditing Firms and Certified Public Accountants. The city received four responsive proposals and the Finance Committee interviewed all four companies. The Finance Committee forwarded Scanlon and Associates and Powers & Sullivan to the full City Council with positive recommendations, and the City Council acted on September 17, 2015 to award the contract to Scanlon on a split vote of 5 to 4. The division was based on differing opinions as to the relative value of retaining a competent vendor with an excellent record of service versus having a fresh set of eyes reviewing the city's accounts.

Since there are only two city council meetings before the deadline and not time to conduct a thorough procurement process, the Finance Committee's recommendation is to extend the existing contract with Scanlon for another year. Mr. Scanlon has verbally agreed to hold the same price as for the

FY2018 audit, which is \$49,000 (\$43,000 for the city's basic financial statements and \$6,000 for the audit of the retirement system).

Chapter 30B allows governmental bodies to increase the quantity of supplies or services in an existing contract if the increase in total contract price does not exceed 25 per cent. The total contract price for auditing services for FY16 – FY18 was \$196,600, so the cost of adding the FY2019 audit (\$49,000) is under 25%. Therefore, even though the city is not bound by Chapter 30B, extending the contract with Scanlon for a year would comply with the guidelines of the state procurement act.

In addition to extending the Scanlon contract, the Finance Committee recommends commencing a process in the spring to solicit proposals for a new multi-year contract.

If this is agreeable, the council is asked to approve the order authorizing the city to extend the contract with Scanlon for another year in first reading tonight.